

RENTER'S INSURANCE GUIDE

Why do I need renter's insurance?

If you rent an apartment or a house, you are responsible for liability coverage and for insuring your personal possessions. Liability coverage protects renters the same as it would if you were a homeowner.

The owner of the property is responsible for insuring the building and for obtaining his or her own liability coverage. If you rent, your landlord's insurance policy covers losses to the building structure itself, but it does not cover your personal property. To be protected, you must have a separate renter's insurance policy. Renter's insurance covers your personal property and household items in the event of fire or other loss.

How does renter's insurance protect me ?

A renter's policy--officially known as "tenant homeowner's policy":

Pays to repair or replace personal property that is damaged, destroyed or stolen. Limits on personal property coverage can vary by company, but most offer at least \$4,000 worth of protection. Renter's policies generally limit payment for certain losses as follows: \$100 for lost cash; \$2,500 for personal property used for business; \$500 for valuable papers; \$500 for theft of jewelry, watches and furs.

Gives you liability protection if you are legally responsible for another person's injury or property damage. If someone is injured in your home and files a lawsuit, your landlord's liability policy may not cover the damages. A renter's policy automatically provides \$25,000 in liability coverage. Extra coverage is available for an additional premium.
How much can I collect on a policy claim?

It depends. A renter's policy will normally pay you for the actual cash value of your losses. In other words, depreciation and wear and tear will be subtracted from the value of your property. However, you can add replacement cost coverage for about 15 percent in additional premium. It pays the full cost of replacing your damaged property, minus your deductible. Most renter's policies in Tennessee carry a deductible equal to one (1) percent of the amount of the policy. (EXAMPLE: a renter with a \$25,000 policy would pay the first \$250 before the insurance company pays.)

If I have replacement cost coverage, am I required to replace the property before the Insurance company pays my full claim?

It depends on the replacement value of the property. The insurer initially will pay the full replacement cost up to \$1,500. For any remaining property damage that exceeds \$1,500, the insurer will pay the actual cash value first. You are then required to actually replace or repair the damage or stolen property with an item of like kind and quality before the company will pay the balance of the claim.

NOTE: A complete inventory of your property can be a great help if you ever file a claim. Keep receipts and photos or a video tape in a secure place, such as a safety deposit box, until needed.

How much does renter's insurance cost?

Because insurance companies' rates vary widely, it pays to shop around and get premium quotes from several companies for the amount of coverage you want. It also is important to look into an insurance company's financial stability and service record. You can get this information and complaint history by calling Consumer Insurance Services at 1-800-342-4029.

Is my personal property covered when I'm away from home?

Yes. Your luggage and other personal items are covered while you travel, up to 10 percent of the amount of your policy or \$1,000, whichever is greater.

If I'm sued because of an accident at my rented residence, do I need to pay for my own defense?

No. The liability coverage in your renter's policy requires the insurance company to pay legal expenses incurred in defending you against a lawsuit.

The Tennessee Department of Commerce & Insurance is here to serve the consumers of Tennessee. Our Insurance Division can be a source of unbiased information and assistance to you when shopping for your insurance needs.

If you have a complaint against an insurer, it is always best to contact your insurance company first to attempt to settle the matter. Most insurance companies have policyholder service offices set up precisely to handle such questions. If you still are not satisfied, contact this department. We have complaint investigators in our Consumer Insurance Services section to assist you with your concerns. Although they cannot represent you legally against an insurance company or adjuster, they can make appropriate investigation into potential violations of insurance laws or regulations based upon your complaint.

This information was prepared through the cooperative effort of the Tennessee Department of Commerce & Insurance (TDCI), Division of Insurance and the NAIC. The TDCI is the agency charged with regulating the business of insurance in the state of Tennessee. The NAIC, founded in 1871, is an association of the chief insurance regulators from the 50 states, the District of Columbia, and four U.S. territories.

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